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LEASE OF IMPROVED SPACE BETWEEN

THE PORT OF PORTLAND

AND

CASCADE WEST TRANSPORTATION SERVICES, INC. and TRANSPORT DISTRIBUTORS, INC.

POPT1S100522

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LEASE OF IMPROVED SPACE

THIS LEASE, dated the 9th day of February, 1993, is entered into by and between THE PORT OF PORTLAND, a port district of the State of Oregon (hereinafter referred to as "Port"); and CASCADE WEST TRANSPORTATION SERVICES, INC., a corporation organized under the laws of the State of Oregon and TRANSPORT DISTRIBUTORS, INC. a wholly owned subsidiary of Cascade West Transportation Services, Inc. operating under the laws of the State of Illinois, (collectively, hereinafter referred to as "Lessee").

RECITALS

The Port desires to lease certain land and improvements located at the Port of Portland's Terminal 1 on N.W. Front Ave., in Portland, Oregon to the Lessee, said land and improvements being more particularly described below; and

Lessee is desirous of leasing said land and improvements;

The parties intending to be legally bound by the terms and conditions contained in this document and, in consideration of the mutual covenants contained in this document, the parties hereby agree to the following terms and conditions:

ARTICLE I. - PREMISES

Section 1.1 - Description of Premises: Subject to the satisfaction of the Condition Precedent set forth in Section 1.2 of this Lease, the Port hereby leases to the Lessee, and the Lessee leases from the Port on the terms and conditions stated in this Lease, the building and paved yard space consisting of approximately 51,932 square feet of paved yard space within Berth 104 (hereinafter "Yard Area") and approximately 49,422 square feet of building space located within House 105 at Terminal 1, in Portland, Oregon, identified on Drawing No. T-1 93-2, 1/1, attached hereto as Exhibit A and made a part hereof, and any existing improvements thereon, (hereinafter referred to as "Premises"). Lessee understands that the "Premises" does not include the unusable office area of approximately 4,478 square feet within House 105 as shown on Exhibit A. Lessee further understands that additional yard space (hereinafter "Option Yard Area") in the approximate amount of 65,902 square feet will be added to the Premises by letter from the Port upon vacation of said yard space by an existing tenant (hereinafter "Option Yard Space"). Subject to the satisfaction of the conditions set forth in Section 4.1, Lessee shall have the right to install a modular office in the northeast corner of the Yard Area in the vicinity of the power cabinets (hereinafter "Power Cabinets") identified on Exhibit A. Upon construction or installation of any additional improvements approved by the Port as provided herein in, under, or upon the Premises, including without limitation any buildings, roads, driveways, parking areas, landscaped areas, pipes, fences, walls, sidewalks, stairs, tanks, paved areas, utility distribution facilities, or signs (collectively referenced herein in addition to existing improvements as

"Improvements"), such Improvement(s) shall become a part of the Premises unless otherwise stated herein.

Section 1.2 - Conditions Precedent:

1.2.1 This Lease is subject to the Port obtaining approval by February 9, 1993 from the current tenant in House 104 to allow the Lessee to enter upon the staging area located to the west of House 105, said staging area being currently leased to the tenant in House 104, for the purpose of installing a sanitary sewer line connection and installing a waterline connection and placing and operating a modular restroom on the outside ramp located on the west side of House 105 and within said Staging Area as approximately shown on Exhibit A, attached hereto. The sanitary sewer line connection and the waterline connection are necessary to accommodate the modular restroom to be installed by Lessee as described in Section 4.1 of this Lease. The Port shall make a good faith effort to obtain the approval from the tenant of House 104. In the event the Port is unable to obtain said approval by February 9, 1993, this Lease shall be null and void and all obligations between the parties shall terminate.

1.2.2 This Lease is also subject to the Port obtaining approval by February 9, 1993 from the current tenant of the Optional Yard Area to modify the northeast corner of that tenant's permit area boundary to delete approximately 2,465 square feet and add the same to Lessee's Premises. Lessee plans to use this additional space to install a modular office as described in Section 1.1 of this Lease. The Port shall make a good faith effort to obtain the approval from the tenant of the Optional Yard Area. In the event the

Port is unable to obtain said approval by February 9, 1993, this Lease shall be null and void and all obligations between the parties shall terminate.

Section 1.3 - Use of Premises: The Lessee shall use the Premises only for the following purpose(s): storage and distribution of construction materials and forest products. No cutting, sawing, glueing, pressing, or other manufacturing processes shall be permitted on the Premises. No equipment shall be installed on the Premises without the Port's prior written approval. Lessee shall not use the Premises to maintain or repair vehicles or equipment, or store oils, solvents, paints, grease, or any Hazardous Substances without the Port's prior written approval.

1.3.1 No other use may be made of the Premises without the prior written approval of the Port. Except as a necessary and incidental use in conjunction with the use authorized for the Premises pursuant to Section 1.3 above, without limiting the foregoing restriction on use, no use may be made of, on, or from the Premises relating to the use, handling, generation, storage, disposal, transportation, or discharge of Hazardous Substances as defined in Section 6.2 below. Under no circumstances shall any use be made of, or conduct occur on, the Premises which would cause the Premises, or any part thereof, or the Building, Improvements, or the facility of which they are a part, to be deemed a hazardous waste treatment, storage, or disposal facility requiring a permit, interim status, or any other special authorization under any Environmental Law as defined in Section 6.2 below.

1.3.2 Lessee shall not use or permit in the Premises or Building or any related property, anything that shall increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the

Insurance Services Office of Oregon or its successors, that would allow the Port to obtain reduced rates for long-term insurance policies; or maintain or permit anything that may be dangerous to life or limb; or in any manner deface or injure the Premises, Improvements, or Building, any related property; or overload the floors with any weight over 500 pounds per square foot; or permit any objectionable noise or odor to escape or to be emitted from the Premises; or permit anything to be done on or about the Premises or Building in any way tending to create a nuisance or to disturb any other tenants of the building; or use or permit the use of the Premises for lodging or sleeping purposes or for any illegal purposes. Lessee shall comply at Lessee's own cost and expense with all orders, notices, regulations, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 1.4 - Appurtenant Rights: The Lessee shall, during the term of this Lease and any renewal, have the appurtenant rights specified in Subsection 1.4.1 below, subject to the terms and conditions of this Lease. No other appurtenant rights shall be implied as a part of this Lease. Nothing stated herein shall be construed as to limit in any way the general power and right of the Port to exercise its governmental powers over the common areas.

1.4.1 Except as limited in this Lease Agreement, the Lessee, its customers, agents, representatives, and invitees shall have the nonexclusive right to use any areas designated by the Port as "Common Areas", such right to be in common with others to whom the Port has granted or may grant such similar right. The term "Common Areas", as used herein, shall mean any parking areas, roadways, driveways, sidewalks, landscaped areas, security

areas, trash removal areas, delivery areas, washrooms, and any other areas owned by the Port within Terminal 1 where such areas have been designated or may be designated in the future by the Port as areas to be used by the general public or in common by tenants, provided that nothing stated in this Lease shall prohibit the Port from barring from Port property any person or entity which fails to comply with applicable laws, ordinances and rules and regulations, including those adopted by the Port Commission and those adopted by the Executive Director, or the Executive Director's designee.

1.4.2 In addition to any other right granted by law, The Port and its Executive Director, or the Executive Director's designee, reserve the following specific rights with respect to the Common Areas:

1.4.2.1 To establish reasonable rules and regulations for the use of the Common Areas;

1.4.2.2 To use or permit the use of such Common Areas by others to whom the Port may grant or may have granted such rights in such manner as the Port may from time to time so grant;

1.4.2.3 To close all or any portion of the Common Areas to make repairs or changes, to prevent dedication of the Common Areas or the accrual of any rights to any person or the public, or to discourage unpermitted use of the Common Areas;

1.4.2.4 To construct, alter, or remove buildings or other improvements in the Common Areas and to change the layout of such Common Areas, including the right to add to or subtract from their shape and size or to eliminate such Common Areas;

1.4.2.5 To exercise any of the Port's governmental powers over the Common Areas.

1.4.3 Lessee understands and agrees that at least until such time as the Option Yard Area becomes available, that portion of the Common Area which parallels N.W. Front Ave. will be reduced in width to 60 feet as shown on the Port Drawing T-1 93-3 1/1, attached hereto as Exhibit B. At such time that the Option Yard Area becomes available, the Port may, in its sole discretion, expand that portion of the Common Area which parallels N.W. Front Ave. to approximately 100 feet as shown on Exhibit A or to other width or widths as determined by the Port.

1.4.4 Lessee shall have the right to use the rail track in the storage yard shown on Exhibit A upon completion of Improvements described in Item 6 and Item 7 in Exhibit C of this Lease for the purpose of accessing the Yard Area used for storage and loading and unloading of product by Lessee. Lessee shall keep the rail track entering the Common Area through Gate 5 (as shown on Exhibit A attached hereto) and the Common Areas free from obstruction by Lessee's trucks, vehicles, equipment, materials, or personnel, or from obstruction by rail cars, rail engines, and rail equipment. Lessee shall not block Gate 5 or any portion of the Common Area. Lessee shall cause all rail cars to be spotted or stored only in the Yard Area leased by Lessee. Except for rail cars delivered at the request of Lessee, no use shall be made of Gate 5 by Lessee, its agents, representatives, employees, or invitees. Staging of trucks under the control of Lessee or associated with Lessee's operations at the Premises shall only occur within the Yard Area of the Premises or as otherwise directed by the Port in writing. The Port shall have the right to designate the Lessee's vehicle circulation pattern within the Common Area and within the Yard Area for Lessee's vehicles and all vehicles associated with Lessee's operation to minimize the impact of Lessee's operations on adjacent

tenants. The Port shall have the right to modify the vehicle circulation pattern from time to time, in its sole discretion, and shall notify Lessee of the designated vehicle circulation pattern in writing. The Port will paint a stripe or stripes along the outer boundary of the House 104 Yard Area to clearly demark said boundary. In the event the Lessee allows trucks or other vehicles or equipment ordered by Lessee or otherwise under Lessee's control to use the House 104 north yard area (hereinafter "House 104 Yard Area") as shown on Exhibit A attached hereto, the Port shall have the right to require Lessee to install, at Lessee's cost, a fence acceptable to the Port, along the outer boundary of the House 104 Yard Area, which fence shall include an access gate or gates in a location or locations and of a size or sizes acceptable to the Port. Lessee shall use, and cause its agents, employees, representatives, invitees (and all vehicle traffic associated with Lessee's activities) to use Gates 6 as shown on the Exhibit A attached hereto, as the exclusive ingress and egress route for access to and from the Yard Area and House 105. Lessee's use of Gate 6 shall not be exclusive to Lessee, but shall be shared with other Port tenants. Lessee agrees to install, at its cost at the commencement of this Lease Agreement, at least two signs: 1) a sign next to Gate 6 to indicate Gate 6 as Lessee's entrance and 2) a sign next to Gate 5 to indicate Gate 5 as the House 104 tenant's entrance. All signs shall be reviewed and approved by the Port prior to being ordered and installed. Lessee agrees to install, at its expense, additional signage, pavement striping, and/or other traffic control mechanism, as directed and approved by the Port, in the event vehicle or rail traffic associated with Lessee's operations creates conflicts with the use of the Common Area and/or with the lease areas of the adjacent tenants and such conflicts cannot be resolved to the satisfaction of the Port.

1.4.5 Subject to the satisfaction of the Condition-Precedent set forth in Section 1.2.1 herein and the provisions of Section 4.1 herein, Lessee shall have the right to place a modular restroom on the outside ramp located on the west side of House 105.

ARTICLE II. - TERM

Section 2.1 - Term: The initial term of this Lease shall commence on February 15, 1993 and the term shall continue through February 14, 1994 ("Lease Term"), unless the Lease is earlier terminated under the provisions herein, provided that Lessee shall not have the right to legal possession of the Premises until Lessee has paid the full amount of all of the following: 1) first month's Basic Rent (which includes Estimated Taxes) as required in Section 3.1 of this Lease, 2) Security Deposit as required under Section 3.5 of this Lease, and 3) the reimbursement to the Port for property insurance as provided in Section 6.4.1 of this Lease, the total amount of which shall be \$18,468.96 (hereinafter "Initial Sum"). If Lessee fails to deposit the Initial Sum with the Port by March 1, 1993 this Lease shall terminate except for the obligations of the Lessee which survive termination, including but not limited to those described in Section 3.4, 3.5, 7.3 of this Lease.

ARTICLE III. - PAYMENTS

Section 3.1 - Basic Rent: The Lessee shall pay, in advance, to the Port as rent the sum of \$7,019.48 per month based on a rental rate of \$0.04 per square foot per month for the paved yard space, and \$0.10 per square foot per year for the building space (hereinafter "Basic Rent"), plus an allowance each month of the term of this Lease and any extension thereof for the Estimated

Property Taxes (hereinafter "Basic Rent"). Basic Rent shall be increased at such time that the Additional Yard Space described in Section 1.1 herein, is added to the Premises. The Basic Rent for the Option Yard Space shall be based on a rental rate of \$0.04 per square foot per month. "Estimated Property Taxes" for each month shall mean one-twelfth of the amount estimated by the Port to be the amount of property taxes that will be assessed by Multnomah County for Lessee's property tax obligations as defined in Section 4.4 of this Lease. Estimated Property Taxes from the commencement of this Lease until December, 1993 shall be \$2,115 per month. Estimated Property Taxes shall be adjusted to actual tax assessments as provided in Section 4.4 of this Lease.

Section 3.2 - Time and Place of Payments of Basic Rent: Payments are due on the fifteenth day of each month and are delinquent if not paid when due, except that, upon execution of this Lease, the Lessee shall pay the Port its monthly Basic Rent due for the first full calendar month of the Lease Term. Each monthly Basic Rent shall be paid when due, without notice or demand and without any abatement, deduction, or set-off. In the event the Lease commences or ends on a day other than the fifteenth of the month, the Basic Rent for the month shall be prorated based on the number of days in the month being prorated.

3.2.1 Payment shall be to the Port at The Port of Portland, Post Office Box 5095, Portland, Oregon 97208, or such other place as the Port may designate. All amounts not paid by the Lessee when due shall bear a delinquency charge at the rate of 18 percent per annum. The delinquency

charge on overdue accounts is subject to periodic adjustment to reflect the Port's then current charge for overdue accounts.

Section 3.3 - Acceptance of Late Rent: The Port shall be entitled, at its sole and complete discretion, to either accept or reject a tender payment of Basic Rent which is not paid when due. In the event the Port elects to accept a tender of payment of rent after the time when such payment was due, the Port may do so without thereby waiving any default based upon the failure of the Lessee to make such payment when due and without waiving the Lessee's continuing obligation to make such payments when required under the terms of this Lease. The Lessee hereby acknowledges that this constitutes a waiver by the Lessee of any argument that by accepting a late payment of rent, the Port has waived any default which is based upon such late payment or has waived the Lessee's continuing obligation to make such payments when and as required by the terms of this Lease.

Section 3.4 - Advance Payment for Work Items: Prior to the Port commencing any work items described on Exhibit D, attached hereto, including the relocation or removal of the fence within the Yard Area, or any other work items agreed to by the Port, Lessee shall deposit with the Port an amount estimated by the Port to be the cost for such work (hereinafter "Advance Payment for Work"). Such Advance Payment for Work shall include all costs associated with completing the work item including the cost for all required permit fees, connection, metering and/or system development fees, recording fees, design, engineering, survey, inspection, bidding costs, and allowances for contingencies (hereinafter "Associated Costs").

3.4.1 Upon completion of the work item, the Port will bill or credit Lessee for the difference between the Advance Payment for Work and actual costs to complete the work item. Actual costs shall include all Associated Costs.

3.4.2 If the construction of the work item is not complete upon termination of this Lease for any reason, the Port may choose in its sole discretion (1) to complete all or part of the construction or (2) to stop construction, remove none, all or part of the work already completed, and either leave the Premises in their then current condition or partially or totally return all or part of the Premises to their condition prior to construction. The Port may deduct from the Advance Payment for Work all reasonable costs incurred by the Port in exercising its rights under this subsection, and shall invoice Lessee for any amount by which those reasonable costs exceed the Advance Payment for Work. Lessee shall pay the Port's invoice within 30 calendar days after receiving it. Subject only to deduction of other liquidated amounts owed by Lessee under this Lease, the Port shall remit to Lessee any amount by which the Advance Payment for Work exceeds the Port's reasonable costs incurred under this subsection. The Port shall have the same rights with respect to a payment that is delinquent under this subsection as it has with respect to delinquent rent payments under this Lease. The Port's remedy under this paragraph is not exclusive, and nothing in this subsection shall be deemed to preclude the Port from pursuing any other relief to which it may be legally entitled. Lessee's compliance with this subsection shall not relieve Lessee from compliance with any other requirement under this Lease.

Section 3.5 - Security Deposit: In addition to payments of Basic Rent, the Lessee shall deposit with the Port, upon execution of this Lease, the sum of \$7,019.48 ("Security Deposit") as security for the Lessee's full and faithful performance and observance of its obligations under this Lease. Such Security Deposit shall not earn interest on account of the Lessee, shall not be considered to be held in trust for Lessee, shall not be considered an advance payment of rent or a measure of the Port's damages in the event of a default by the Lessee, and, may be commingled with other funds of the Port. If the Lessee defaults in the performance of any of its obligations under this Lease, including without limitation the payment of Basic Rent, the Port may, but shall not be obligated to, use, apply, or retain all or any part of the Security Deposit to the extent required for the payment of any amount in default or any amount which the Port may expend or incur by reason of the Lessee's default. If the Port so uses, applies, or retains all or any part of the Security Deposit, the Lessee shall upon demand immediately deposit with the Port an amount equal to the amount so used, applied, or retained. If the Lessee fully and faithfully performs and observes all of its obligations under this Lease, the Security Deposit or any balance thereof shall be refunded to the Lessee within 30 days after the expiration of this Lease and delivery to the Port of possession of the Premises and all payments required to be made by the Lessee hereunder. In the event of any sale of the Port's interest in the Premises, the Port shall have the right to transfer the Security Deposit to the purchaser thereof and the Port shall thereupon be released by the Lessee from all liability for refund of the Security Deposit.

ARTICLE IV. - LESSEE'S OTHER OBLIGATIONS

Section 4.1 - Construction of Improvements/Alterations: The parties anticipate making certain installations and/or improvements to the Premises. The Lessee shall be responsible for the cost of all such work items but the Port will be performing work for some of the items at Lessee's expense. The work items identified on Exhibit C, attached hereto, shall be performed by the Lessee. The work items identified on Exhibit D, attached hereto, shall be performed by the Port at Lessee's expense, subject to the Lessee providing the Advance Payment for Work as specified in Section 3.4 of this Lease. Lessee shall be responsible for all costs associated with connecting into any utility systems, including sanitary sewer, water, power, and phone, including the payment of any connection fees, meter installation charges, system development charges, or other fees which might be imposed by the City or other utility provider. Such costs and fees will be paid in full by Lessee at the time the utility connection is made. Lessee understands and agrees that the Port will not start modifying the fence as described in Exhibit D attached hereto, until Lessee has deposited with the Port, the Initial Sum described in Section 2.1 herein and the Advance Payment for Other Work described in Section 3.4 herein. The Port shall consult with Lessee on the fence configuration but the final determination of the disposition of the fence shall be made by the Port in its sole discretion. No construction, alteration, or improvement shall be made on or to the Premises without the written consent of the Port. To obtain Port consent, at least 45 days prior to any construction, alteration, demolition, or changes upon the Premises or Improvements, the Lessee shall submit to the Port final plans and specifications, site-use plan, and architectural rendering thereof and shall not commence any construction until it has

received the Port's written approval. Prior to commencing installation of the modular office or the modular restroom described on Exhibit C, Lessee shall provide the Port written proof from the company or companies furnishing the modular office and the modular restroom that any and all advance deposits have been made with the company or companies for removing the office and restroom from the Premises. All plans for construction, alteration, or changes shall be signed by an architect or engineer licensed in the State of Oregon.

4.1.1 No such work shall be undertaken until the Lessee has procured and paid for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations required with respect to the work, including, but not limited to, required electrical permits. Procurement of such permits and authorizations shall be subsequent to the Lessee's obtaining Port approval pursuant to Section 4.1.

4.1.2 All work shall be performed in a good and workmanlike manner and, in the case of alterations or additions to existing Improvements, shall be of such quality and type that, when completed, the value and utility of the Improvements which were changed or altered shall be not less than the value and utility of such Improvements immediately before such change or alteration; and in the case of a change or alteration involving demolition and the construction of a new building, the value of the new building will be of a value not less than the value of the demolished building. All work shall be prosecuted with reasonable dispatch. With respect to work in the Staging Area shown on Exhibit A, Lessee shall not obstruct access to or operations of the tenant of House 104 in the Staging Area during the installation (including installation of utility connections), removal, maintenance or repair of the

restroom and shall confine construction activities to the east end of the Staging Area adjacent to the outside ramp attached to House 105.

4.1.3 Thirty days after the completion of any work under this Section 4.1, the Lessee shall deliver to the Port complete and fully detailed "as-built" drawings of the completed Improvements prepared by an architect licensed by the State of Oregon.

Section 4.2 - Conduct of Business: The Lessee agrees to conduct and carry on its business on the Premises continuously during the Lease Term, and to keep such Premises and Improvements open for business and cause such business to be conducted therein each and every business day generally observed by like businesses, except for acts of God, labor disputes, or other causes beyond the Lessee's reasonable control. The Lessee shall exercise due diligence and good faith efforts to cooperate with adjacent tenants and to minimize disruption to other tenants using the Common Areas. Lessee agrees to meet with adjoining tenants and the Port as soon as reasonably possible after execution of this Lease Agreement to discuss operating access and coordination of Common Area use. Lessee further agrees to meet periodically with the Port and adjoining tenants thereafter as requested by the Port to resolve any pending issues regarding cooperation and use of Common Areas.

Section 4.3 - Maintenance: The Lessee shall keep and maintain the Premises and Improvements of any kind, which may be erected, installed, or made thereon by the Lessee or the Port, in good and substantial repair and condition, including the exterior condition thereof, and shall promptly make all necessary repairs and alterations thereto at the Lessee's sole expense.

The Lessee shall provide, at the Lessee's expense, proper containers and removal service for trash and garbage and shall keep the Premises free and clear of rubbish, debris, and litter at all times. Without limiting the generality of the foregoing, the Lessee shall maintain the roadways and parking areas within the Premises in good and serviceable condition, free of snow, ice, debris, potholes, and obstructions, and with a safe and easily traversable surface for vehicle traffic. Lessee shall be responsible for any and all costs associated with the maintenance of the track, switch, and rail stop.

Section 4.4 - Taxes: Unless exempt, the Lessee agrees to pay for all taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the state, county, city, or any other tax-levying body upon the Premises or Improvements or upon any taxable interest by the Lessee acquired in this Lease, or any taxable possessory right which the Lessee may have in or to the Premises or the Improvements thereon by reason of its occupancy thereof, as well as all taxes on all taxable property, real or personal, owned by the Lessee in or about said Premises.

4.4.1 Payment for real property taxes or any assessments which appear in property tax statements shall be paid to the Port and shall be made a part of the Basic Rent as provided in Section 3.1 of this Lease. The monthly payment for such taxes and assessments shall be based upon the Estimated Property Taxes as defined in Section 3.1, until the month of December, 1993. During the month of November, 1993, the Port shall adjust the Estimated Property Taxes to reflect the actual amount assessed by the tax assessor. In the event the total Estimated Property Taxes paid by the Lessee

through November, 1993, exceed the total actual amount assessed by the tax assessor, then commencing with the month of December, 1993, the Port will apply any excess paid to the following months' payment due for Basic Rent until the excess is fully applied. In the event the Estimated Property Taxes paid by the Lessee are less than the actual amount assessed by the tax assessor, then commencing with the month of December, 1993, the Lessee shall pay a revised amount of Estimated Property Taxes, as established by the Port, so that the total Estimated Property Taxes paid over the entire term of this Lease are equal to the actual tax assessed, which revised payments shall continue until the end of the term of this Lease. Nothing in this Paragraph 4.4.1 shall reduce or diminish Lessee's obligation to pay the full amount of property taxes described in Section 4.4 herein.

4.4.2 In the event Lessee desires to contest the property taxes, the Port will provide the necessary signatures as owner of the Property to assist in the contest of the taxes. Any such appeal shall be conducted at Lessee's sole cost and expense. In the event the Lessee is successful in its appeal, the Port will apply any amounts of taxes refunded as a result of the appeal to future taxes and assessments owed by Lessee or to any amounts of delinquent taxes, interest, or penalties owed by Lessee at the sole discretion of the Port. In the event of a successful appeal, the Port will adjust the Estimated Property Taxes to the actual tax determined to be owed as a result of the appeal. In the event of application of any amount refunded to delinquent taxes, interest, or penalties, the Port shall not be deemed to have waived its rights with respect to default as set forth in Sections 8.1 and 8.2 of this Lease.

Section 4.5 - Liens: The Lessee agrees to pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, utilities, furnishings, machinery, or equipment which have been furnished or ordered with the Lessee's consent to be furnished to or for the Lessee in, upon, or about the Premises or Improvements, which may be secured by any mechanic's, materialmen's, or other lien against the Premises or Improvements or the Port's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may in good faith contest any mechanic's or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest, provided that the Port may require the Lessee to procure a payment bond in the amount of the contested lien.

Section 4.6 - Utilities: The Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the Premises or Improvements at the request of the Lessee, including any and all connection fees and impervious surface fees charged by the City of Portland. Lessee shall install or cause to be installed, at its cost, separate electric meters for Lessee's electrical service. Lessee understands and agrees that water and sanitary sewer service will not be separately metered and that, in the event Lessee connects to the water and sanitary sewer system as described in Sections 4.1 herein, the water and sanitary sewer charges will be allocated to Lessee based on an allocation formula to be developed by the Port. The Port will use consumption history to

develop this methodology. Prior to finalizing this methodology, the Port will provide the proposed formula in writing to the Lessee for review. If the Port and Lessee cannot agree on the methodology within 30 days of the date the Port notifies Lessee of the proposed formula, Lessee will install at Lessee's expense, a water meter to record Lessee's own water and sanitary sewer consumption. As of the date of this Lease, the City of Portland does not charge impervious surface charges for Terminal 1, including the Premises. If the City of Portland charges such a fee in the future, the fee to be paid by Lessee shall be based on the actual square footage of Lessee's Premises plus a percentage of the Common Area as described in the following sentence. The impervious surface charge for the Common Area will be allocated by the Port based on the percentage which the Lessee's Premises represents to the total leased space within the area at Terminal 1 which includes House 105, House 104, the Berth 104 yard area, and Berth 104, or such area as the City of Portland uses as the basis for its impervious surface charge. In no event shall the Lessee overload the electrical circuits from which the Lessee obtains current.

Section 4.7 - Advertisement Signs: Subject to the provisions hereof, the Lessee shall have the right to install or cause to be installed appropriate signs on the Premises to advertise the nature of its business. The cost of such installations and operation thereof shall be borne by the Lessee. The Lessee shall not erect, install, nor permit to be erected, installed, or operated upon the Premises herein any sign or other advertising device without having obtained first the Port's written consent thereto as to

size, construction, location, and general appearance and then all applicable governmental approvals.

Section 4.8 - Surface and Building Drainage Connections: In the event the Port approves new construction by Lessee on the Premises which construction changes or adds to surface water or drainage, all surface drainage related to the new construction, including roof drainage and caught water, shall be conducted via proper underground drains in a manner approved by the Port to an established drainage ditch and/or connected into such drain pipe as the Port may have installed.

Section 4.9 - Safety Requirements:

4.9.1 The Lessee shall conduct its operations, activities, and duties under this Lease in a safe manner; and shall comply with all safety standards imposed by applicable federal, state, and local laws and regulations. The Lessee shall require the observance of the foregoing by all subcontractors and all other persons transacting business with or for the Lessee in any way connected with the conduct of the Lessee pursuant to this Lease.

4.9.2 The Lessee shall exercise due and reasonable care and caution to prevent and control fire on the Premises and to that end shall provide and maintain such fire suppression and other fire protection equipment as may be required pursuant to applicable governmental laws, ordinances, statutes, and codes for the purpose of protecting the Improvements adequately and restricting the spread of any fire from the Premises to any property adjacent to the Premises.

Section 4.10 - Access to Premises: Except as provided in Section

4.10.1, the Port shall at all times during ordinary business hours have the right to enter upon the Premises and Improvements for the purposes of: (1) inspecting the same; (2) confirming the performance by the Lessee of its obligations under this Lease; (3) doing any other act which the Port may be obligated or have the right to perform under this Lease, or reasonably-related thereto; and (4) for any other lawful purpose. Such inspections shall be made only at a mutually agreeable time to all parties except in cases of emergency or pursuant to Section 4.10.1.

4.10.1 Environmental Inspection: The Port reserves the right to inspect the Lessee's and the Lessee's subtenants' management of Hazardous Substances, as defined in Section 6.2 on the Premises at any time and from time to time without notice to the Lessee or subtenant. If the Port at any time during the term of this Lease or any extension thereof has reason to believe that the Lessee or the Lessee's subtenant(s) are managing Hazardous Substances in a manner that may allow contamination of any portion of the Premises, the Port may require the Lessee to furnish to the Port, at the Lessee's sole expense, an environmental audit or an environmental assessment with respect to the matters of concern to the Port. The Port shall have the right to approve the company or individual conducting said audit and the audit procedures, and shall be given an original copy of the results. The Port shall have the right to request and receive information with respect to use of Hazardous Substances on the Premises in writing from any subtenants and other occupants of the Premises. The Lessee shall cooperate with all such requests.

Section 4.11 - Hazardous Substances Spills and Releases: The Lessee

shall immediately notify the Port upon becoming aware of: (1) any leak, spill, release, or disposal of a Hazardous Substance, as defined in Section 6.2, on, under, or adjacent to the Premises, or threat of or reasonable suspicion of any of the same; and/or (2) any notice or communication from a governmental agency or any other person directed to the Lessee or any other person relating to such Hazardous Substances on, under, or adjacent to the Premises or any violation of any federal, state, or local laws, regulations or ordinances with respect to the Premises or activities on the Premises.

4.11.1 In the event of a leak, spill, or release of a Hazardous Substance on the Premises or the threat of or reasonable suspicion of the same, the Lessee shall immediately undertake all emergency response necessary to contain, clean up, and remove the Hazardous Substance and shall undertake within a reasonable time all investigatory, remedial, and/or removal action necessary or appropriate to ensure that any contamination by the Hazardous Substances is eliminated. The Port shall have the right to approve all investigatory, remedial, and removal procedures and the company(ies) and/or individual(s) conducting said procedures. Within 30 days following completion of such investigatory, remedial, and/or removal action, the Lessee shall provide the Port with a certification acceptable to the Port that all such contamination has been eliminated as required by federal, state, or local law or regulations.

ARTICLE V. - PORT WARRANTIES

Section 5.1 - Delivery:

5.1.1 The Lessee shall have the right to possession of the Premises on February 15, 1993, provided the conditions set forth in Section 2.1 herein have been satisfied by that date. In the event the Port is unable to deliver possession of the Premises on February 15, 1993 or such later date as the conditions set forth in Section 2.1 are satisfied, the Lessee shall owe no rent until notice from the Port tendering possession to the Lessee. If possession is not so tendered within 60 days following said date, then the Lessee may elect to cancel this Lease by notice to the Port within 10 days following expiration of the 60 day period. The Port shall have no liability to the Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

5.1.2 In the event the Port shall permit the Lessee to occupy the Premises prior to the occupancy date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 5.2 - Port's Warranty of Ownership: The Port warrants that it is the owner of the Premises and has the right to lease said Premises under the terms of this Lease. Subject to the Lessee performing all obligations of this Lease, the Lessee's possession of the Premises will not be disturbed by the Port or anyone lawfully claiming by, through, or under the Port and the Port will defend the Lessee's right to quiet enjoyment of the Premises from disturbance by anyone lawfully claiming by, through, or under the Port.

Section 5.3 - Condition of Premises: The Port makes no warranties or representations regarding the condition or available lawful uses of the Premises and specifically does not represent or warrant that the Premises comply with or will comply with any federal, state, and/or local building codes or other laws relating to health, safety, or the environment, including but not limited to those permitting occupancy, before or after commencement of this Lease. The Lessee has inspected and accepts the Premises in an "as is" condition upon taking possession, and the Port shall have no liability to the Lessee for any loss, damage, injury, or costs caused by the condition or available lawful uses of the Premises.

ARTICLE VI. - INDEMNITY, INSURANCE, DAMAGE AND DESTRUCTION

Section 6.1 - General Indemnity: The Lessee covenants and agrees to indemnify, save, and hold harmless the Port, its commissioners, directors, officers, agents, and employees from and against any and all actual or potential liability, claims, demands, damages, expenses, fees (including attorneys', accountants', and paralegal fees), fines, penalties, suits, proceedings, actions, and causes of action (collectively "Costs") which may be imposed upon or incurred by the Port due to the acts or omissions of any person or entity whatsoever (excluding only the wilful acts or gross negligence of the Port), and which: (1) arise from or are in any way connected with the Lessee's use, occupation, management, or control of the Premises whether or not due to the Lessee's act or omission and whether or not occurring on the Premises; or (2) result from any breach, violation, or nonperformance by the Lessee of any of its obligations under this Lease.

Section 6.2 - Hazardous Substances Indemnity: In addition to the indemnity provided in Section 6.1 above, Lessee agrees to indemnify, hold harmless, and defend the Port from and against all Costs (as defined below) incurred by the Port or assessed against the Port under Environmental Laws (as defined below), which Costs arise out of, or are in connection with, the actual or alleged use, generation, treatment, handling, storage, discharge, transportation, or disposal of Hazardous Substances (as defined below), including any actual or alleged spill, leak or other release. As used in this Section 6.2:

(a) "Costs" shall include, but not be limited to: (i) all claims of third parties, including governmental agencies, for damages, response costs, or other relief; (ii) the cost, expense or loss to the Port of any injunctive relief, including preliminary or temporary injunctive relief, applicable to the Port or the Premises; (iii) all expenses of evaluation, testing, analysis relating to Hazardous Substances, including fees of attorneys, engineers, consultants, paralegals and experts; (iv) all expenses of reporting the existence of Hazardous Substances to any agency of the State of Oregon or the United States as required by applicable Environmental Laws; (v) any and all expenses or obligations, including attorneys' and paralegal fees, incurred at, before, and after any trial or appeal therefrom or any administrative proceeding or appeal therefrom whether or not taxable as costs, including, without limitation, attorneys' and paralegal fees, witness fees (expert and otherwise), deposition costs, copying and telephone charges and other expenses; and (vi) any damages, costs, liabilities and expenses which are claimed to be owed by any federal or state regulating and administering agency.

(b) "Environmental Laws" shall be interpreted in the broadest sense to include any and all federal, state, and local statutes, regulations, rules, and ordinances now or hereafter in effect, as the same may be amended from time to time, which govern Hazardous Substances or relate to the protection of human health, safety or the environment, including but not limited to, the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. §6901 et seq.); the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. §9601, et seq.); the Toxic Substances Control Act (15 U.S.C. §2601, et seq.); Superfund Amendment and Reauthorization Act of 1986 (SARA) (P.L. 99-499, October 17, 1986); the Solid Waste Disposal Act (42 U.S.C. 3251, et seq.); the Federal Insecticide, Fungicide and Rodenticide Act/Pesticide Act (7 U.S.C. §13 et seq.); the Safe Drinking Water Act (42 U.S.C. §300(f) et seq.); the Clean Air Act (42 U.S.C. §7401 et seq.); the Federal Water Pollution Control Act/Clean Water Act (33 U.S.C. §1251 et seq.); the Oil Pollution Control Act of 1990 (33 U.S.C. §2761 et seq.); the Oregon Revised Statutes relating to community information on hazardous waste reduction (ORS 453.307 et seq.); toxic use reduction and hazardous waste reduction (ORS 465.003 et seq.); environmental cleanup of hazardous substances, hazardous wastes, and oil contamination (ORS 465.200 et seq.); notice of environmental hazards (ORS 466.360 et seq.); treatment storage, and disposal of hazardous waste and PCBs (ORS 466.005 et seq.); use of PCBs (ORS 466.505 et seq.); spill response and cleanup of hazardous materials and oil (ORS 466.605 et seq.); underground storage tanks (ORS 466.705 et seq.); penalties for noncompliance (ORS 466.880 et seq.); water pollution control (ORS 468.691 et seq.); oil spills (ORS 468.780 et seq.); asbestos abatement

(ORS 468.875 et seq.); any similar or equivalent laws; and any implementing laws, regulations, rules, and ordinances.

(c) "Hazardous Substances" shall be interpreted in the broadest sense to include any substances, materials, wastes, pollutants, oils, or regulated substances, or contaminants as are defined or designated as hazardous, toxic, radioactive, dangerous, or any other similar term in or under any of the Environmental Laws, and shall specifically include asbestos and asbestos-containing materials, petroleum products, including crude oil or any fraction thereof, and urea formaldehyde, and any other substance that, because of its quantity, concentration, or physical, chemical, or infectious characteristics, may cause or threaten a present or potential hazard to human health or the environment when improperly generated, used, stored, handled, treated, discharged, disposed of, or released.

Promptly upon written notice from the Port or from any governmental entity, Lessee shall remove from the Premises (including without limitation the soil or water table thereof), at its own cost and expense, all Hazardous Substances, whether in existence prior to the commencement date of this Lease or thereafter, and shall restore the Premises to clean, safe, good, and serviceable condition. Any such cleanup shall be in conformance with all applicable governmental rules and regulations. Any costs incurred by or assessed against the Port shall be paid by Lessee promptly after the Port incurs the obligation to pay such amounts or determines that an assessment is duly owing and so notifies the Lessee. As used in this Paragraph, "Premises" shall be deemed to include the soil and water table thereof.

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Section 6.3 -- Duty to Defend: The Lessee shall, at its sole expense, defend any and all actions, suits, and proceedings relating to matters covered by the indemnity set forth in Sections 6.1 and 6.2 which may be brought against the Port or in which the Port may be impleaded, and shall satisfy, pay, and discharge any and all judgments, orders, and decrees that may be entered against the Port in any such action or proceeding.

Section 6.4 - Insurance:

6.4.1 The Port shall provide property insurance, in a form satisfactory to the Port, for the Premises and Lessee shall reimburse the Port for the cost for providing such insurance by paying to the Port, as part of the Initial Sum described in Section 2.1 herein, an amount equal to \$2,315.

Such property insurance shall not cover Lessee's contents or the proposed modular office and modular restroom to be installed by Lessee as described in Section 4.1, which insurance shall be the responsibility of the Lessee.

6.4.2 The Lessee shall maintain an occurrence form commercial general and automobile liability insurance policy or policies for the protection of the Lessee and the Port, its commissioners, directors, officers, servants, and employees, insuring the Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises or occasioned by reason of the operations of the Lessee on or from the Premises with insurance limits of not less than \$2,000,000 combined single limit. Such liability insurance shall include a fire legal liability endorsement protecting the Port in the amount not less than \$100,000,

6.4.3 The Lessee shall also maintain business interruption insurance equal to its fixed financial obligations, including Basic Rent payments to the Port for a period of six months. Policy(ies) will remain in force during the term of the Lease and any extensions thereof. The proceeds of any business interruption insurance shall be used first to continue payments to the Port. Proceeds over and above those amounts due to the Port may be used by the Lessee in whatever manner deemed prudent by the Lessee.

6.4.4 Lessee shall maintain in force Workers' Compensation insurance, including coverage for Employer's Liability and, if applicable, the Longshoremen's and Harbor Workers' Compensation Act.

6.4.5 All insurance shall name the Port, its commissioners, officers, and employees as additional insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

6.4.6 The Lessee shall furnish to the Port a certificate(s) of insurance evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance shall remain in full force during the term hereof and shall provide for not less than 30 days written notice to the Port and the Lessee before such policies may be revised, nonrenewed, or cancelled. Upon request, the Lessee shall provide the Port with a copy or copies of any insurance policy provided pursuant to this Lease.

6.4.7 The Port shall have the right to review the limits of insurance required herein from time to time. In the event the Port determines that such limits should be increased or lowered, the Port will provide notice to the Lessee of such determination. The Lessee shall, if the limits are

increased, modify its coverage to comply with the new limits and provide the Port with an updated certificate.

Section 6.5 - Waiver of Subrogation: Except as limited in this Section 6.5, the Port and the Lessee agree that each waives any right of action that it may later acquire against the other party to this Lease for loss or damage to that party's property, or to property in which that party may have an interest, to the extent that proceeds (which proceeds are free and clear of any interest of third parties) are received by the party claiming the loss or damage. This waiver of subrogation shall not extend to any applicable deductibles under such policy or policies.

Section 6.6 - Damage or Destruction of Premises: If the Premises or Improvements are partially or totally damaged or destroyed by fire or other casualty, the Port shall have the option and shall within 60 days from the damage or destruction, notify the Lessee in writing whether or not the Port elects to repair, rebuild, or restore the Premises or to terminate this Lease. Upon giving such notice to terminate, this Lease shall terminate on the date specified in the notice. The Port shall be entitled to all proceeds of insurance payable because of the damage or destruction to the Premises. If the Port elects to repair or rebuild the Premises, no rent abatement shall be made unless more than 50 percent of that portion of the Premises consisting of space within House 105 is made untenable by such damage. Lessee shall be responsible for any and all costs associated with rail car, engine, or other rail equipment derailments and with any damage to the track, switch, and rail stop.

ARTICLE VII. - TERMINATION

Section 7.1 - Termination by the Port: The Port shall be entitled to terminate this Lease, or possession of the Premises under this Lease, as provided herein and as otherwise provided by law.

Section 7.2 - Termination by Lessee: The Lessee shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.3 - Duties on Termination: Upon termination of the Lease or termination of possession, for any reason, the Lessee shall deliver all keys to the Port and surrender the Premises and Improvements in good condition. Lessee shall remove, at Lessee's expense, the modular office and modular restroom installed by Lessee, as described on Exhibit C, attached hereto, prior to or upon termination and shall restore the Premises to its original condition or as otherwise directed in writing by the Port. Alterations constructed by the Lessee with permission from the Port shall not be removed, unless the terms of permission for the alteration so require, but shall be restored to the original condition. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed on the latest practical date prior to such surrender. The Lessee's obligations under this paragraph shall be subordinate to the provisions of Section 6.6, related to destruction.

Section 7.4 - Title to Improvements: Subject to the provisions of

Section 7.5, upon termination of this Lease, or possession under this Lease,

by the passage of time or for any reason, the Port shall have the option to either require removal of any or all Improvements constructed or installed by the Lessee or on behalf of the Lessee, pursuant to Section 4.1, within 90 days after the expiration of the Lease at the Lessee's expense or shall have the option to take title to any or all such structures, installations, and Improvements. Title to all other Improvements shall remain with the Port.

Section 7.5 - Fixtures:

7.5.1 Upon termination of this Lease for any reason, any or all fixtures placed upon the Premises during the Lease Term, or any extension thereof, other than the Lessee's trade fixtures, shall, at the Port's option, become the property of the Port. Movable furniture, decorations, floor covering (other than hard surface bonded or adhesively fixed flooring), curtains, blinds, furnishing, and trade fixtures shall remain the property of the Lessee if placed on the Premises by the Lessee. At or before the termination of this Lease, the Lessee, at its expense, shall remove from the Premises any or all of the Lessee's fixtures or personal property which the Port has required the Lessee to remove under the terms of this Lease, and shall repair any damage to the Premises resulting from the installation or removal of such fixtures or personal property. Any items of the Lessee's fixtures or personal property which remain on the Premises after the termination of this Lease in violation of this Section 7.5 may, at the option of the Port, be deemed abandoned. The Port shall have the option, in its sole discretion, of (a) retaining any or all of such abandoned property without any requirement to account to the Lessee therefor, or (b) removing and disposing of any or all of such abandoned property and recovering the cost thereof, plus

interest from the date of expenditure at the Port's then current interest rate, from the Lessee upon demand.

7.5.2 If the Port so elects, Lessee shall remove any or all fixtures which would otherwise remain the property of the Port, and shall repair any physical damage resulting from the removal. If the Lessee fails to remove such fixtures as required by this Lease, the Port may do so and charge the cost to the Lessee with interest at the Port's then current interest rate from the date of expenditure. Lessee shall remove all furnishing, furniture and trade fixtures which remain the property of Lessee. If Lessee fails to do so, this shall be an abandonment of the property, and the Port may retain the property and all rights of Lessee with respect to it shall cease or, by notice in writing given to Lessee within twenty days after removal was required, the Port may elect to hold Lessee to his obligation of removal. If the Port elects to require Lessee to remove, the Port may effect a removal and place the property in public storage for Lessee's account. In addition to any other applicable liability, the Lessee shall be liable to the Port for the cost of removal, transportation to storage, and storage, with interest at the Port's then current interest rate on all such expenses from the date of expenditure by the Port.

7.5.3 The time for removal of any property or fixtures which the Lessee is required to remove from the Premises upon termination shall be as follows: (1) on or before the date the Lease terminates because of expiration of the original or a renewal term or because of default; or (2) within 30 days after notice from the Port requiring such removal where the property to be removed is a fixture which the Lessee is not required to remove except after

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such notice by the Port, and such date would fall after the date on which the Lessee would be required to remove other property.

Section 7.6 - Holding Over: If the Lessee shall hold over after the expiration or termination of the Lease Term or any extension thereof with the consent of the Port, and shall not have agreed in writing with the Port upon the terms and provisions of a new lease prior to such expiration, at the Port's discretion, the Lessee shall be deemed a month-to-month holdover tenant or a tenant at sufferance. In the event the Port deems Lessee a month-to-month tenant, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that: (1) the tenancy shall be one from month-to-month subject to the payment of all Basic Rent in advance; (2) title to Improvements shall have vested in the Port pursuant to Section 7.4 hereof, unless the Port provided Lessee with notice to remove such; (3) the Port shall have the right to adjust the rental payments, charges or use fees upon 30 days written notice to the Lessee; (4) such month-to-month tenancy may be terminated at any time by written notice from the Port to the Lessee, and 5) Lessee shall pay to the Port, a lump sum payment in advance in an amount specified by the Port to reimburse the Port for property insurance specified in Section 6.4.1. In the event of hold over beyond June 30 of any year, the Lessee shall be pay with the Basic Rent in July, a lump sum payment equal to the property taxes for the tax year beginning that July 1 as estimated by the Port in its sole discretion, without proration, or, in the event of any change in property tax law, for any taxes due under such law. In the event the Port deems the Lessee as a tenant at sufferance, the Port shall be entitled to exercise any rights pursuant thereto.

Section 7.7 - Environmental Audit: The Port and/or its agent(s) shall make an environmental inspection of the Premises at the beginning of the Lease Term, or as soon thereafter as reasonably possible. The Port reserves the right to conduct such additional inspections at any time during the term of this Lease or any extension thereof. A copy of said inspection(s) shall be submitted to the Lessee. Prior to the expiration of this Lease, or as soon thereafter as reasonably possible, the Port or its agent(s) shall inspect the Premises. If any inspection reveals possible environmental liability not present in the original survey, the Lessee shall, at its cost, conduct an environmental audit of the Premises acceptable to the Port to determine if any environmental contamination exists. The Port shall have the right to approve the audit procedures and the company or individual conducting said audit, and shall be given an original copy of the results. If the Lessee is required to conduct an environmental audit pursuant to this Section 7.6, the Lessee shall provide to the Port a supplemental up-date report as of the last day of the lease term. The Lessee shall promptly remedy any contamination placed, brought, or allowed on the Premises by the Lessee, or those operating on the Premises at the direction of, or with the permission of, the Lessee, and revealed by such audit in accordance with the then applicable regulations prior to the expiration of the Lease Term. The Lessee, upon termination of the Lease for any reason other than expiration of time, shall conduct the environmental audit as required by this Section. The Port, if necessary, will grant the Lessee a Permit of Entry for such purpose. In the event the Lessee fails to promptly remedy the contamination, the Port shall have the right to remedy such contamination and charge the Lessee all such costs. The Lessee agrees to pay to Port such costs within 30 days after receipt of invoice from

the Port, such right to be in addition to any other remedy available to the Port as provided herein, at law, or by equity.

7.7.1 Until such time as the Lessee has fulfilled all the requirements of Section 7.6 above, the Port may, at the Port's option, treat the Lessee as a holdover tenant and all provisions pursuant to Section 7.6 shall apply.

7.7.2 If the Lessee does not conduct said audit as required herein, the Port may, at its sole option, complete said audit at the Lessee's expense. Until said audit and any remedial actions as required to restore the Premises to an acceptable condition are completed, the Lessee shall not be released from any liability for such costs.

ARTICLE VIII. - DEFAULT

Section 8.1 - Events of Default: The following shall be events of default:

8.1.1 Default in Rent: Failure of the Lessee to pay any rent or other charge as provided herein within 10 days after it is due. Lessee's liability to the Port for default shall survive termination of this Lease.

8.1.2 Default in Other Covenants: Failure of the Lessee to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within 30 days after written notice by the Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30 day period, this provision shall be complied with if the Lessee begins correction of the default within the 30 day period

and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

8.1.3 Insolvency: To the extent permitted by the United States Bankruptcy Code, insolvency of the Lessee; an assignment by the Lessee for the benefit of creditors; the filing by the Lessee of a voluntary petition in bankruptcy; an adjudication that the Lessee is bankrupt or the appointment of a receiver of the properties of the Lessee and the receiver is not discharged within 30 days; the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within 30 days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within 10 days.

8.1.4 Failure to Occupy: Failure of the Lessee for 30 days or more to occupy the Premises for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

Section 8.2 - Remedies on Default:

8.2.1 In the event of a default under the provisions of Section 8.1, the Port at its option may terminate the Lease, or possession of the Premises under this Lease, and at any time may exercise any other remedies available under law or equity for such default. Any notice to terminate may be given before or within the grace period for default and may be included in a notice of failure of compliance. No termination of this Lease pursuant to this Section 8.2 shall relieve the Lessee of its liabilities and obligations under this Lease, and any damages shall survive any such termination.

8.2.2 If the Lessee fails to perform any of its obligations under this Lease, the Port, without waiving any other remedies for such failure, may (but shall not be obligated to) perform such obligation for the account and at the expense of the Lessee, without notice in a case of emergency, and in any other case if such failure continues for 15 days after written notice from the Port specifying the nature of the failure. The Port shall not be liable to the Lessee for any claim for damages resulting from any such action by the Port. The Lessee agrees to reimburse the Port upon demand for any expenses incurred by the Port pursuant to this Lease together with interest thereon from the date of payment at the Port's then current interest rate.

8.2.3 Suit(s) or action(s) for the recovery of the rents and other amounts and damages, or for the recovery of possession may be brought by the Port, from time to time, at the Port's election, and nothing in this Lease will be deemed to require the Port to await the date on which the Lease Term expires. Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law, in equity, by statute, or otherwise, including without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by the Port of any such rights or remedies will not preclude the simultaneous or later exercise by the Port of any other such rights or remedies. All such rights and remedies are nonexclusive.

ARTICLE IX. - GENERAL PROVISIONS

Section 9.1 - Assignment and Sublease:

9.1.1 This Lease is personal to the Port and the Lessee. Except as provided herein, no part of the Premises nor any interest in this Lease may

be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conveyed or conferred on any third person by any other means, without the prior written consent of the Port. Any assignment or attempted assignment without the Port's prior written consent shall be void. This provision shall apply to all transfers by operation of law. If the Lessee is a corporation, this provision shall apply to any sale of a controlling interest in the stock of the corporation.

9.1.2 Consent in one instance shall not prevent this provision from applying to a subsequent instance.

9.1.3 Other than the subleases for which the Port has given written consent concurrently with this Lease, in determining whether to consent to sublease, the Port may consider any factor including the following factors: financial ability; business experience; intended use; value of sublease or assignment. The Port may require increased rental to compensate for additional value prior to consent.

Section 9.2 - Taking by Governmental Powers:

9.2.1 If a Total Taking occurs during the Term of this Lease, either the Port or the Lessee may cancel this Lease by written notice given within 30 days after the Date of the Taking, and this Lease will terminate as of the Date of Taking.

9.2.2 If a Partial Taking, as defined below, occurs during the Term of this Lease, either the Port or the Lessee may cancel this Lease as to the portion of the Premises taken by written notice given within 30 days after the Date of the Taking, and this Lease will so terminate as to the portion of the Premises taken on the Date of the Taking. If the Lease is not so

terminated, this Lease will continue in full force and effect. If the Lease is so terminated as to the portion of the Premises taken, this Lease will continue in full force and effect as to the remainder of the Premises. The Rent payable by the Lessee for the balance of the term will be abated in the proportion that the square footage area of the Premises taken bears to the square footage area of the Premises immediately prior to the taking. In the event of continuation, the Lessee shall make all necessary repairs or alterations to make the remaining Premises a complete architectural unit.

9.2.3 All compensation and damages awarded for the taking of the Premises, any portion of the Premises, or the whole or any portion of the Common Areas, exclusive of the Improvements, but inclusive of the amortized value of the Improvements, will belong to the Port. For purposes of determining the amortized fair market value of the Improvements, the parties agree that the Lessee shall totally amortize fair market value Improvements, less salvage value on a straight line basis over the initial term of the Lease. Lessee will not have any claim or be entitled to any award for diminution in value of any unexpired term of this Lease; however, Lessee may make its own claim for any separate award that may be made by the condemning authority for Lessee's loss of business or for the taking of or injury to the unamortized cost or value of Lessee's improvements, or on account of any cost or loss Lessee may sustain in the removal of Lessee's trade fixtures, equipment, and furnishings which Lessee is authorized to remove under this Lease, or as a result of any alterations, modifications, or repairs which may be reasonably required by Lessee in order to place the remaining portion of the Premises not so condemned in a suitable condition for the continuance of Lessee's occupancy.

9.2.4 If this Lease is terminated pursuant to the provisions of this Section 9.2, then all rentals and other charges payable by the Lessee to the Port under this Lease will be paid up to the Date of the Taking, and any rentals and other charges paid in advance and allocable to the period after the Date of the Taking will be repaid to the Lessee by the Port. In the event of such termination, the Port and the Lessee will then be released from all further liability under this Lease, except such liability which survives termination.

9.2.5 As used in the Section 9.2, the following terms shall have the following meanings:

9.2.5.1 "Date of Taking" means the date on which the condemning authority takes actual physical possession or such earlier date as the condemning authority gives notice that it is deemed to have taken possession or is granted possession by a court.

9.2.5.2 "Partial Taking" means the taking of only a portion of the Premises which does not constitute a Total Taking.

9.2.5.3 "Total Taking" means the taking of the fee title by right of eminent domain or other authority of law, or a voluntary transfer under the threat of the exercise of the right of eminent domain or other authority, of so much of the Premises as is necessary for the Lessee's occupancy, that the Premise, after the taking, are no longer suitable for the Lessee's intended use. Any taking of 50% or more of the square footage of the Premises shall be deemed a Total Taking.

Section 9.3 - Nonwaiver: Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the

party's right to require strict performance of the same provision in the future or of any other provision. All waivers shall be in writing.

Section 9.4 - Attorneys' Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorneys' fees, or in the event of appeal as allowed by the appellate court.

Section 9.5 - Law of Oregon: This Lease shall be governed by the laws of the State of Oregon. To the extent applicable, the contract provisions required by ORS Chapter 279 to be included in public contracts are hereby incorporated by reference and shall become a part of this Lease as if fully set forth herein verbatim.

Section 9.6 - Adherence to Law: The Lessee shall adhere to, all applicable federal, state, and local laws, rules, regulations, and ordinances, including but not limited to (1) laws governing its relationship with its employees, including but not limited to laws, rules, regulations, and policies concerning Worker's Compensation, and minimum and prevailing wage requirements; (2) laws, rules, regulations and policies relative to occupational safety and health; (3) all federal, state, regional, and local Environmental Laws; and (4) all ordinances and rules adopted by the Port Commission and all rules and regulations adopted by the Port's Executive Director or the Executive Director's designee.

9.6.1 The Lessee shall not use or allow the use of the Premises or any part thereof for any unlawful purpose or in violation of any certificate of occupancy, any certificate of compliance, or of any other certificate, law, statute, ordinance, or regulation covering or affecting the use of the Premises or any part thereof. The Lessee shall not permit any act to be done or any condition to exist on the Premises or any part thereof which may be hazardous, may constitute a nuisance, or may void or make voidable any policy of insurance in force with respect to the Premises.

9.6.2 The Lessee shall promptly provide to the Port copies of all notices or other communications between the Lessee and any governmental entity which relate to the Lessee's noncompliance or alleged noncompliance with any law, ordinance, regulation, condition, or other applicable requirement lawfully imposed by any agency, governmental body, or quasi-governmental body having jurisdiction over the Lessee's use of the Premises.

9.6.3 The Lessee shall obtain, and promptly advise the Port of receipt of all federal, state, or local governmental approvals or permits required by law or regulation for any activity or construction that the Lessee may undertake on the Premises. The Lessee shall provide the Port with copies of all such approvals and permits received by the Lessee.

Section 9.7 - No Light or Air Easement: The reduction or elimination of the Lessee's light, air, or view will not affect the Lessee's liability under this Lease, nor will it create any liability of the Port to the Lessee.

Section 9.8 - Time of Essence: Time is of the essence of each and every covenant and condition of this Lease.

Section 9.9 - Warranty of Authority: The individuals executing this agreement warrant that they have full authority to execute this Lease on behalf of the entity for whom they are acting herein.

Section 9.10 - Headings: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

Section 9.11 - Delinquency Charges: The Lessee acknowledges that late payment by the Lessee to the Port of any rent due hereunder will cause the Port to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any rent is not received by the Port when it is due, the Lessee shall pay to the Port a delinquency charge in accordance with Section 3.2.1. The parties hereby agree that such delinquency charge represents a fair and reasonable payment by the Lessee. Acceptance of any delinquency charge by the Port shall in no event constitute a waiver of the Lessee's default with respect to the overdue amount in question, nor prevent the Port from exercising any of the other rights and remedies granted hereunder.

Section 9.12 - Consent of Port:

9.12.1 Subject to the provisions of Section 9.1, whenever consent, approval, or direction by the Port is required under the terms contained herein, all such consent, approval, or direction shall be received in writing from the Executive Director of The Port of Portland.

9.12.2 If the Lessee requests the Port's consent or approval pursuant to any provision of the Lease and the Port fails or refuses to give such consent, the Lessee shall not be entitled to any damages as a result of such failure or refusal, whether or not unreasonable, it being intended the Lessee's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases in which the Port has in fact acted unreasonably and has expressly agreed in writing not unreasonably to withhold its consent or may not unreasonably withhold its consent as a matter of law.

Section 9.13 - Notices: All notices required under this Lease shall be deemed to be properly served if served personally or sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, or served personally at 700 N.E. Multnomah, Portland, Oregon, 97232; and to the Lessee at P.O. Box 4858, Portland, Oregon 97208. Date of Service of such notice is date such notice is personally served or deposited in a post office of the United States Post Office Department, postage prepaid.

Section 9.14 - Modification: Any modification of the Lease shall be mutually agreed upon and reduced to writing and shall not be effective until signed by the parties hereto.

Section 9.15 - No Benefit to Third Parties: The Port and the Lessee are the only parties to this Lease and as such are the only parties entitled to

enforce its terms. Nothing in this Lease gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

Section 9.16 - Abandonment: Upon abandonment or vacation of the Premises by the Lessee prior to the expiration of the Lease Term without written consent of the Port, the Port may enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same. For the purpose of such reletting the Port is authorized, at the cost of the Lessee, to make any repairs, changes, alterations, or additions in or to the Premises which may be necessary in the sole discretion of the Port for the purpose of such reletting and compliance with all applicable laws. Such entry and control shall not release the Lessee from the obligations herein, but the Lessee shall nevertheless remain liable and continue to be bound, unless the Port, at the Port's election, shall cancel the Lease. Cancellation shall be effected and the Port and the Lessee released from all obligations under this Lease upon the mailing of such notice of cancellation by the Port to the Lessee at the Lessee's last known address, provided that the Lessee shall not be released from liability which survives termination of the Lease. In the event of abandonment or vacation, the title to the Improvements shall automatically be vested in the Port.

Section 9.17 - Partial Invalidity: If any provision of this Lease or the application thereof to any person or circumstance is at any time or to any extent, held to be invalid or unenforceable, the remainder of this Lease, or

the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 9.18 - Survival: All covenants and conditions (including but not limited to indemnification agreements), set forth in this Lease, the full performance of which are not required prior to the expiration or earlier termination of this Lease, and all covenants and conditions which by their terms are to survive, shall survive the expiration or earlier termination of this Lease and be fully enforceable thereafter.

Section 9.19 - Force Majeure: If by reason of force majeure the Port is unable in whole or in part to carry out its obligations under this Lease, the Port shall not be deemed in default during the continuance of such inability, provided written notice thereof is given to the Lessee. The term "force majeure" as used herein shall mean the following: acts of God; acts of public enemies; orders or restraints of the United States of America or the State of Oregon, or their respective departments, agencies, or officials, or any civil or military authority; insurrections; riots; or any other similar cause or event not reasonably within the control of the Port and not resulting from its negligence. The Port agrees, however, to make a good faith effort to remedy with all reasonable dispatch the cause or causes preventing the Port from carrying out this Lease.

Section 9.20 - Absence of Brokers: The Lessee and the Port each represent to one another that they have not dealt with any leasing agent or broker in connection with this Lease and each (for purposes of this Section 9.20 only, the "Indemnitor") agrees to indemnify and hold harmless the other from and against all damages, costs, and expenses (including attorneys', accountants', and paralegal fees) arising in connection with any claim of an agent or broker alleging to have been retained by the Indemnitor in connection with this Lease.

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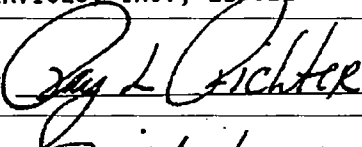
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Section 9.21 - Entire Agreement: It is understood and agreed that this instrument contains the entire agreement between the parties hereto. It is further understood and agreed by the Lessee that the Port and the Port's agents have made no representations or promises with respect to this agreement or the making or entry into this agreement, except as in this agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by the Lessee against the Port for, and the Port shall not be liable by reason of, the breach of any representations or promises not expressly stated in this agreement, any other oral agreement with the Port being expressly waived by the Lessee.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

CASCADE WEST TRANSPORTATION
SERVICES, INC., LESSEE

By




By

President

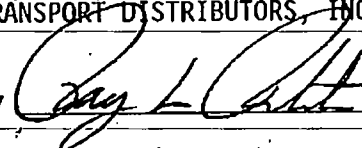
THE PORT OF PORTLAND

By


Executive Director

TRANSPORT DISTRIBUTORS, INC., LESSEE

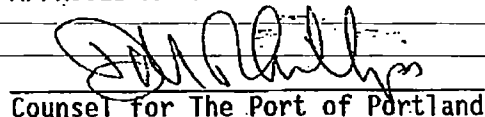
By



By

President

APPROVED AS TO LEGAL SUFFICIENCY


Counsel for The Port of Portland

02-05-93

EXHIBIT C
LESSEE WORK ITEMS

1. Any improvements to the Premises which are required by any federal, state, city or other regulatory agency to meet building or operational code or codes.
2. Install a modular office in the northeast corner of the Yard Area in the vicinity of the Electrical Cabinet shown on Exhibit A.
3. Connect electrical service and electrical meter to the modular office.
4. Connect the modular restroom into the existing sanitary sewer pipe located within the staging area on the west side of House 105.
5. Connect electrical service to the modular restroom.
6. Connect the modular restroom into the existing waterline.
7. Install a rail stop as a requirement for using the rail track.
8. Repair or otherwise perform work to permit usage of the track or switch.
9. Install signage at Gate 6 to indicate Lessee's vehicle entrance.
10. Install signage at Gate 5 to indicate House 105 vehicle entrance.
11. Install, as directed by Port, a fence with an access gate along the boundary of the House 104 Yard Area.

02-05-93

EXHIBIT D

PORT WORK ITEMS

1. ~~Modify the existing fence located along the southern boundary of the Yard Area to allow for rail and truck access.~~
2. ~~Install electrical meter(s) for Lessee's electrical services within House 105 for warehouse lighting and for the modular restroom to be installed by Lessee.~~

02-05-93